

Chamberlain's scheme was to issue notes upon landed property to one hundred times the annual rental, lend the notes to the owner of the land, and in some unexplained way furnish money to the government at the same time. The absolute absurdity of calculating the money value of a piece of real estate at one hundred times the rental, when the fee simple was worth only twenty times the rental, or one-fifth as much, was demonstrated over and over again, but the opponents of the Land Bank were answered that they were 'usurers,' and the enemies of the Bank of England were ready to catch at any scheme which promised to promote their projects. Notwithstanding its folly the scheme was authorized by law and received the royal assent on April 27, 1696, (7 and 8 William III., c. 31). The Land Bank proposed to advance to the government £2,564,000, on which interest was to be paid at the rate of seven per cent, annually, secured by a special tax on salt. The King was authorized to appoint a body of commissioners to receive subscriptions, half of which were required to be subscribed before August 1, 1696, and the whole before January 1, 1697. Subscriptions did not materialize, however, with such rapidity as expressions of sympathy for the enterprise. The Lords of the Treasury subscribed £5000 on behalf of the King, but the other subscriptions never exceeded £2100, and it is recorded about three years later that Dr. Chamberlain, "sole contriver and manager of the Land Bank, is retired to Holland, on suspicion of debt." *

The immediate effect of the new legislation was to depress the price of bank shares, which fell from 107 on January 31st, to 83 on February 14th.² Capital was not so abundant then as now and the mere offer of a new public stock was sufficient to divert investment from the old and depress its value. It was argued even by the friends of the bank that it must be the sole institution of its kind, like the banks of Venice, Amsterdam, and Hamburg, in order to retain strength and usefulness. The experience that the stocks of an existing

² Rogers, 50.